

Taxes Paid by the Individual

There are 7 types of taxes that are paid for by an individual.

1. Income Taxes: These taxes are paid out by anyone who earns an income by any means. April 15th is the day that income tax filings are due in the United States, and anyone earning income needs. Income taxes are subject to deductions and tax credits; they are usually not paid by people under a certain income or who have special situations such as a disability.

2. Property Taxes: These are paid by anyone who owns property such as land, a home or commercial real estate. These taxes are often collected by the state and county to help fund their budgets. While income taxes are subject to deductions or credits, these taxes are often fairly rigid. Licensing fees on cars, recreational vehicles and watercraft are property taxes as well.

3. Consumptive Taxes: These are taxes on sales goods or items that are subjected to being used by either an individual or business. While everyone understands that a small amount of money is added on to the purchase of goods in the stores, many people overlook other taxes. A fishing or hunting license is a tax. Toll road fees are a tax, even if they call it a user fee. So are travel fees.

Taxes Paid by Businesses

Some of the other 7 types of taxes are those paid by businesses

4. Corporate Taxes: All business structures pay taxes on the income made in that particular business. Tax consequences are important when structuring a business. Of all of the seven types of taxes, this one is usually the one that requires the use of a professional to figure out the complicated tax requirements.

5. Payroll Taxes: These taxes are taken out by the businesses before income is distributed to the individual in exchange for the work that was done. These are commonly called "FUDA" and "FICA" and businesses need to match a certain amount of these payroll taxes. This is an additional cost of having an employee, and one reason why "independent contractors" have become so popular. These payroll taxes must be paid by the individual contractor if the regular business is not paying them. "FUDA" and "FICA" fund social security and other similar programs.

Other Taxes

6. Capital Gains taxes are paid on investments that have appreciated. Frequently these investments have been sold. Examples would be stocks, bonds, and real estate. Most losses can be "written off" on the federal income tax level, and like corporate taxes, these are usually best handled by professional tax preparers.

7. Inheritance or Estate Taxes: Of the 7 types of taxes, this is the only type where a tax can happen because of a death. A certain amount of estate money that may be passed on with no tax consequence. Once that level is met, however, the taxes are usually insurance is so critical in estate planning.

While few people relish paying taxes, everyone enjoys having good schools, roads and services. In the end, taxes improve our overall quality of life.

Read more: <http://www.brighthub.com/money/personal-finance/articles/32816.aspx#ixzz1J4HcdvL6>

Name _____

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Capital Gains taxes

Inheritance or Estate Taxes

Why do we pay taxes in the United States?

Why do people in Kenya and around the world pay taxes?